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SUBJECT: UZBEKISTAN: COTTON STILL KING AT 4th
INTERNATIONAL COTTON FAIR

¶1. (SBU) SUMMARY. The Fourth International Uzbek Cotton Fair and Fourth International Cotton and Textile Conference took place in Tashkent on October 14-15, 2008. The conference and exhibition highlighted Uzbekistan's continued strong position as a leading producer and exporter of cotton. It also exuded Uzbek confidence that seemed little fazed by the boycott of Uzbek cotton declared by Wal-Mart and other European and American companies earlier this summer. END SUMMARY.

¶2. (U) Uzbekistan, the world's fifth largest producer and second largest exporter of cotton, hosted the fourth International Uzbek Cotton Fair in Tashkent from October 14 through 15. Organized by the Uzbek Ministry for Foreign Economic Relations, Investment and Trade (MFERIT), the fair is Uzbekistan's main annual showcase for its cotton industry. Organized also with support from the International Cotton Advisory Committee, UK-based Cotton Outlook Ltd, Uzpakhtasanoat (Uzbek Cotton Industry) Association and the Sifat Center for Cotton Fiber Certification, this year's conference attracted more than 300 companies and 450 cotton industry representatives from 34 countries, a slight increase over participation in last year's event.

¶3. (U) The conference took place on the first day of the fair with speakers from both government and industry. Prime Minister Shavkat Mirziyoyev opened the conference, highlighting increased demand for Uzbek cotton on the global market, particularly in Asia, and what he characterized as large-scale reforms in the cotton sector, including the creation of transparent mechanisms for cotton export.

¶4. (U) MFERIT Minister Elyor Ganiev also addressed the conference on the first day. He announced that Uzbekistan expects to produce 1 million tons of refined, processed cotton fiber from the 2008 harvest. (NOTE: Processed fiber is produced by the ginning process. The Uzbek target for this year's harvest is 3.6 million tons of raw cotton fiber, which is unchanged from 2007. It appears that Uzbekistan will be close to meeting this target. END NOTE) Of this, Uzbekistan expects to export 700,000 tons, which is down from 800,000 tons in

2007-08. This decrease in exports, he said, is due to Uzbekistan's growing textile industry and its increased capacity to process cotton fiber internally. Last year, according to Ganiev, Uzbekistan consumed 280,000 tons of its cotton fiber internally. In the long run, Uzbekistan hopes to process up to 50 percent of its cotton locally.

¶15. (U) This year's exhibition was divided into two halls highlighting the cotton and textile sectors. The three state owned companies under MFERIT that comprise the sales arm of the Uzbek cotton industry had large exhibits, as did the Uzbek Commodity Exchange that began selling Uzbek cotton in 2006. The Uzbek Ginning Association had a major presence as did Uzbekistan's regional cotton terminals.

¶16. (U) In addition to selling cotton through MFERIT trading companies and the Uzbek Commodity Exchange, the Dubai Cotton Center began marketing Uzbek cotton in 2007. The Dubai center, which is capable of handling a volume of 200,000 tons annually, had a major presence at the exhibition. The goal of the Dubai center is to simplify purchase of Uzbek cotton for those customers who do not wish to make the journey to Uzbekistan.

¶17. (U) Russian and Belarusian companies were well represented in the exhibit area. German and Italian companies had a smaller presence. The Department of Trade and Investment Facilitation from the Polish

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Embassy had a large exhibit, much as the U.S. Foreign Commercial Service (FCS) used to have before FCS left Uzbekistan. No American companies were represented at the exhibit, although representatives from American-owned Dunavant's Cotton and from the Central Asia Seed Company attended the conference on the first day.

COMMENT

¶18. (SBU) Uzbekistan's confidence in its position as a leading producer and exporter of cotton permeated the conference and exhibition. Nowhere was there any mention of the boycott of Uzbek cotton declared by Wal-Mart and other companies earlier this summer. As we have been told many times by MFA and other Uzbek Government representatives, Uzbekistan is confident this boycott will have little or no effect on its exports. If this year's cotton conference and exhibition is any guide, this confidence is well founded.

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